GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4023
ANSWERED ON:09.12.2016
Loan Scheme for Farmers
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Will the Minister of FINANCE be pleased to state:

(a) whether the Government proposes to introduce new scheme for providing loan to farmers in lieu of their crops in order to provide relief to them;
(b) if so, the details thereof along with the salient features of the said scheme; and
(c) the time by which the said scheme is likely to be implemented?

Answer

The Minister of State in the Ministry of Finance

(a) to (c): There is no proposal under consideration of the Government to introduce a new scheme for providing loan to farmers in lieu of their crops. However, in order to ensure that all eligible farmers are provided with hassle-free and timely credit for their agricultural operations, the Government has already introduced the Kisan Credit Card (KCC) Scheme which enables them to draw cash to purchase agricultural inputs such as seeds, fertilizers, pesticides, etc. The KCC Scheme has been simplified further w.e.f. 2012, which has provisions of ATM enabled debit card; loan for post-harvest/consumption/household requirements and maintenance of farm assets; built-in cost escalation in the limit; any number of drawals within the limit, etc.

Further, Government of India implements an Interest Subvention Scheme for short term crop loans up to Rs.3.00 lakh so as to ensure availability of short term agriculture credit at a reduced interest rate of 7% p.a. to farmers. Under the said scheme, additional subvention of 3% is given to those farmers who repay their short term crop loan in time, thereby reducing the effective rate of interest to 4% p.a. for such farmers.